

CONTAINER CORPORATION
OF AMERICA
CHICAGO, ILLINOIS



ANNUAL REPORT

SIX MONTHS
FISCAL PERIOD ENDING
DECEMBER 31, 1926

**CONTAINER CORPORATION
OF AMERICA
CHICAGO, ILLINOIS**

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Annual Report

**Six Months—Fiscal Period Ending
December 31, 1926**

March 8, 1927

CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS

March 8, 1927

To the Stockholders of
Container Corporation of America:

We are herewith presenting consolidated balance sheet and profit and loss statement of Container Corporation of America, Mid-West Box Company, and Chicago Mill Paper Stock Company for the first six months of the Company's existence, beginning July 1, 1926, and ending as of December 31, 1926.

The condensed balance sheet as audited by Arthur Andersen & Company is, we believe, in sufficient detail to provide you with complete information without any further comment. In view of the fact that marketing conditions during the six months were rather poor, the income account reflects a satisfactory result. Necessarily, the management of the Company had a large number of organization matters to take care of during this period, and the various savings and economies of consolidation were hardly beginning to show themselves during these first few months.

As indicated by the statement, the net income is after all fiscal, depreciation and administration

charges, as well as after taxes, both general and Federal Income.

Since the close of the year the general outlook for 1927 is quite favorable, so that with the continuance of a good volume of incoming business the results for the ensuing year should be quite satisfactory.

Respectfully submitted on behalf of the Officers and the Board of Directors.

WALTER P. PAEPCKE,
President.

CONTAINER CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

Current Assets:

| | | |
|--|-----------------|--|
| Cash on Hand and in Banks..... | \$ 850,698.26 | |
| Accounts and Notes Receivable less Reserves..... | 986,897.53 | |
| Inventories, at cost or market, whichever lower..... | 2,031,899.39 | |
| | <hr/> | |
| Total Current Assets..... | \$ 3,869,495.18 | |

OTHER NOTES AND ACCOUNTS..... 145,714.62

DEFERRED CHARGES INCLUDING BOND DISCOUNT..... 610,500.45

Fixed Assets:

| | | |
|------------------------------------|-----------------|---------------|
| Land..... | \$ 2,896,225.02 | |
| Buildings..... | 6,060,994.76 | |
| Machinery and Equipment..... | 8,231,954.97 | |
| Furniture and Fixtures..... | 57,614.54 | |
| | <hr/> | |
| *Together..... | \$17,246,789.29 | |
| Less—Reserve for Depreciation..... | 925,343.47 | |
| | <hr/> | 16,321,445.82 |

ORGANIZATION EXPENSE..... 49,735.04

*Includes Container Corporation of America Properties (\$14,261,696.31) at cost at date of acquisition, July 1, 1926, based on appraisal by Day & Zimmerman, Inc., plus additions since at cost; and Mid-West Box Co. properties (\$2,966,058.74) at book values as shown by Messrs. Ernst & Ernst; other Property (\$19,034.24).

NOTE: Merchandise in Transit to the Mid-West Box Co., \$22,405.64 has not been included in the inventories or liabilities.

RATION OF AMERICA ARY COMPANIES

Sheet—December 31, 1926

LIABILITIES AND NET WORTH

Current Liabilities:

| | |
|---|---------------|
| Accounts Payable..... | \$ 317,955.75 |
| Interest, Wages, Taxes, etc., Accrued..... | 175,227.28 |
| Reserve for Federal Income Taxes—Subject to final determination by Treasury De- partment..... | 99,000.00 |
| Dividend on Preferred Stock..... | 43,750.00 |
| For Purchase of Subsidiary Company Stock —Due August 1, 1927..... | 170,800.00 |
| Provisions for Sinking Funds— | |
| First Mortgage Bonds..... | 195,200.00 |
| Debentures..... | 15,000.00 |

Total Current Liabilities.....\$ 1,016,933.03

Deferred Obligations:

| | |
|--|------------|
| For Purchase of Subsidiary Company Stock—Due August 1, 1928, \$170,800.00; August 1, 1929, \$180,475.00.... | 351,275.00 |
| RESERVE FOR CONTINGENCIES..... | 58,534.69 |

FUNDED OBLIGATIONS (Less Sinking Fund

Provisions shown above and bonds in treasury):

MID-WEST BOX CO.:

| | |
|--|---------------|
| First Mortgage 6½% Bonds, due July 1, 1940..... | \$ 829,500.00 |
|--|---------------|

CONTAINER CORPORATION OF AMERICA:

| | |
|---|--------------|
| First Mortgage Sinking Fund 6% Bonds, due June 15, 1946..... | 4,800,000.00 |
| Ten Year 6% Debentures, due June 15, 1936..... | 925,000.00 |

6,554,500.00

Net Worth:

PREFERRED STOCK:

Mid-West Box Co.:

| | |
|---|------------|
| Total Authorized (\$7,500,000.00) | |
| Series A—8% Cumulative—11,888 Shares \$1,188,800.00 | |
| Series C—6% Cumulative—3,734 Shares.. | 373,400.00 |

Container Corporation of America: \$1,562,200.00

7% Cumulative—

Total Authorized (\$15,000,000.00)

Outstanding—25,000 Shares..... 2,500,000.00

\$4,062,200.00

COMMON STOCK:

| | |
|--|----------------|
| Class A—Authorized, 350,- 000 Shares Par Value \$20.00—Issued 252,164 Shares..... | \$5,043,280.00 |
|--|----------------|

| | |
|--|----------------|
| Class B—Authorized, 590,- 000 Shares of no par value Issued 508,286 Shares.... | \$4,790,307.69 |
|--|----------------|

Less Goodwill and Patents.. 1,161,942.03

\$3,628,365.66

Together..... 8,671,645.66

Surplus..... 281,802.73

13,015,648.39

CONTAINER CORPORATION OF AMERICA

AND SUBSIDIARY COMPANIES

Summary of Consolidated Profit and Loss Account for the Six Months Ended December 31, 1926

Particulars:

| | | | |
|---|------------------|----------------------------|--------------|
| NET PROFITS FROM SALES after deducting cost of sales including Raw Materials, Labor, and Overhead, exclusive of Depreciation; and Selling and Administrative Expenses.. | | | \$966,988.82 |
| DEDUCT—PROVISION FOR DEPRECIATION..... | | 282,586.74 | |
| Net Profits from Operations..... | | <u>\$684,402.08</u> | |
| ADD—MISCELLANEOUS INCOME..... | | 57,744.63 | |
| Total Profits and Income..... | | <u>\$742,146.71</u> | |
| DEDUCT—INTEREST CHARGES: | | | |
| Bond Interest and Discount..... | \$235,609.60 | | |
| Other Interest Charges..... | <u>15,412.38</u> | 251,021.98 | |
| Net Profits before Income Taxes..... | | <u>\$491,124.73</u> | |
| DEDUCT—PROVISION FOR FEDERAL INCOME TAXES..... | | 67,500.00 | |
| Surplus Net Profits..... | | <u><u>\$423,624.73</u></u> | |

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES

Summary of Consolidated Surplus Account for the Six Months Ended December 31, 1926

| | | |
|---|------------------|----------------------------|
| PROFITS FOR THE SIX MONTHS ENDED DECEMBER | | |
| 31, 1926..... | \$423,624.73 | |
| DISCOUNT ON PREFERRED STOCK PURCHASED.... | <u>5,020.00</u> | \$428,644.73 |
| DEDUCT—DIVIDENDS PAID OR ACCRUED: | | |
| Container Corporation of America: | | |
| 7% Preferred Stock..... | \$ 87,500.00 | |
| Mid-West Box Co.: | | |
| Series A—8% Preferred Stock.. | \$47,924.00 | |
| Series C—6% Preferred Stock.. | <u>11,418.00</u> | <u>59,342.00</u> |
| | | <u>146,842.00</u> |
| Surplus Balance December 31, 1926..... | | <u><u>\$281,802.73</u></u> |

ARTHUR ANDERSEN & Co.

CERTIFIED PUBLIC ACCOUNTANTS

HARRIS TRUST BLDG.

111 WEST MONROE ST.

CHICAGO

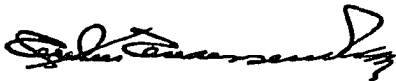
Auditors' Certificate

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We have examined the accounts of the CONTAINER CORPORATION OF AMERICA and its subsidiary, the Chicago Mill Paper Stock Company, for the six months ended December 31, 1926, and have prepared and submit herewith a Consolidated Balance Sheet, Statement of Profit and Loss Account, and Summary of Surplus Account, including therein the accounts of the Mid-West Box Co. (consisting of assets, \$3,992,377.21, liabilities, \$1,209,903.11, net worth, \$2,782,474.10 and surplus net profits, \$261,554.78) as certified by Messrs. Ernst & Ernst.

Subject to the foregoing, we certify that, in our opinion, the accompanying statements fairly set forth the financial position of the combined companies at December 31, 1926, and the results from operations for the six months ended that date.

ARTHUR ANDERSEN & Co.



Chicago, Illinois,
February 12, 1927.

CONTAINER CORPORATION
OF AMERICA
CHICAGO, ILLINOIS

Directors

F. G. BECKER, *Chicago, Ill.*

J. P. BRUNT, *Chicago, Ill.*

E. R. HANKINS, *Chicago, Ill.*

JOHN JACOBS, *Philadelphia, Pa.*

R. L. MCCLELLAND, *Chicago, Ill.*

WALTER P. PAEPCKE, *Chicago, Ill.*

RALPH VAN VECHTEN, *Chicago, Ill.*

Officers

President

WALTER P. PAPECKE

Executive Vice-President

J. P. BRUNT

Vice-Presidents

F. G. BECKER

E. R. HANKINS

Treasurer

J. E. COOKSON

Secretary

H. D. DAVIS

CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS

Transfer Agent

FIRST TRUST AND SAVINGS BANK
Chicago, Ill.

THE NATIONAL CITY BANK OF NEW YORK
New York, N. Y.

Registrar

ILLINOIS MERCHANTS TRUST COMPANY
Chicago, Ill.

THE NATIONAL PARK BANK OF NEW YORK
New York, N. Y.

Plant Operations

Factories

CHICAGO, ILL. (Two)
ANDERSON, IND.
CLEVELAND, OHIO
CINCINNATI, OHIO (Two)
FAIRMONT, W. VA.
CHARLESTON, W. VA.
PHILADELPHIA, PA.

Mills

CHICAGO, ILL.
KOKOMO, IND.
CINCINNATI, OHIO
CIRCLEVILLE, OHIO
PHILADELPHIA, PA.

Branch and Sales Offices

NEW YORK, N. Y.
PHILADELPHIA, PA.
CHICAGO, ILL.
CLEVELAND, OHIO
PITTSBURGH, PA.

INDIANAPOLIS, IND.
DAYTON, OHIO
ST. LOUIS, MO.
DENVER, COLO.
LOS ANGELES, CALIF.

CINCINNATI, OHIO

Subsidiary Companies

CHICAGO MILL PAPER STOCK COMPANY
MID-WEST BOX COMPANY